

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** April 12, 2007

**Bill Number:** H.B. 3289

**Author:** Vick

**Committee Requesting Impact:** House Ways & Means Committee

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### Bill Summary

A bill to amend Section 12-36-2120, as amended, of the Code of Laws of South Carolina, 1976, relating to sales tax exemptions, so as to exempt from sales tax the gross proceeds of sales or sales price of gold, silver, and platinum bullion, legal tender coins, and currency and to require the retailer to maintain proper documentation as required by the South Carolina Department of Revenue for each exempt sale.

### REVENUE IMPACT <sup>1/</sup>

This bill is expected to reduce General Fund revenue by an estimated \$82,860 in FY2007-08. Of this amount, General Fund sales and use tax revenue would be reduced by \$55,240, E.I.A. funds would be reduced by \$13,810 and the Homestead Exemption Fund would be reduced by \$13,810 in FY2007-08.

### Explanation

This bill would amend Section 12-36-2120 of the Code of Laws of South Carolina to add a sales and use tax exemption on the sale of gold, silver, platinum bullion, or any combination of the bullion. This bill would also exempt the sales of coins and currency from the sales and use tax. The state of Georgia has a similar sales and use tax exemption on the same items. The sale of gold, silver, and platinum bullion by commodity brokers and investment bankers on the commodity exchanges does not require the remittance of sales tax for the service of buying or investing in the metals. These negotiations are regarded as "paper transactions" and do not require the acceptance or delivery of the actual product. According to the latest data from U.S. Department of Commerce, Bureau of the Census, on the sales of coins and other numismatic items by jewelry stores and coin-dealer retail stores in the state and applying a sales and use tax rate of six percent yields an estimated \$82,860 in sales and use tax revenue in FY2007-08.

/s/ WILLIAM C. GILLEPSIE, PH.D.

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.